2 Dividend Stocks on the TSX to Buy and Hold Forever

Description

Utility stocks are great options for investors to buy during economic recessions. People won't stop using their services and a lot of their revenues are regulated, which means investors can be assured of steady cash flow.

Steady cash flows mean dividends are in no danger of being cut, and this is good news for investors who want to ensure a steady stream of passive income.

A high-growth utility company

Algonquin Power and Utilities (TSX:AQN)(NYSE:AQN) is a utility stock that offers the prospect of growth along with dividend payouts. It provides utilities to around 805,000 connections in the United States and Canada. Around 75% of its revenues come from regulated utilities.

The company has over two GW of installed capacity in its renewable portfolio of long-term contracted wind, solar, and hydroelectric generating facilities, with another 1.4GH of renewable energy capacity under construction.

AQN acquired a majority stake in ESAL (Empresa de Servicios Sanitarios de Los Lagos S.A.), a water utility company with approximately 230,000 connections in Southern Chile. This is AQN's first step in Latin America and it has chosen to do so in a country with high gross domestic product growth rates and low country risk.

As the world makes a determined shift to renewable energy, companies like AQN will continue to remain an investor favorite. AQN has a good track record of company acquisitions and the current crisis will throw up more such opportunities.

AQN sports a forward dividend yield of 4.29%, which is on the higher end for most companies on the **TSX** today. The company says it expects to grow its dividend by 7% over the next few years, making it a top pick in the utility space.

I believe that the stock offers dual benefits of capital appreciation as well as long-term dividend growth and should be on the radar of every smart investor.

Fortis is a Dividend Aristocrat

Fortis (TSX:FTS)(NYSE:FTS) is one of the bluest chips on the markets today. It has raised its dividend every year for almost 50 years. The company recently announced its guidance for the fourth quarter of 2020.

Fortis has increased its five-year capital investment plan (2021-25) to $19.6 billion, up by $800 million from the prior year's plan. The plan includes investments of $5.1 billion at ITC for electric transmission infrastructure and $4.4 billion in natural gas and electric infrastructure.

Fortis is confident in its abilities to deliver results and believes that its utilities will continue to perform well and that the company will continue to add customers and cut costs. It has declared an increase of 5.8% in its dividend payout for December 1, 2020. Investors will receive a dividend of $0.505 per share at writing.

Fortis also released guidance stating that it would target dividend growth of approximately 6% through 2025 based on a 2020 annualized dividend of $1.91 per share. The 2% discount on its DRIP (dividend reinvestment program) will be reinstated from December 1, 2020, which is good news for retail investors all around.

Fortis is a great stock to hold in your portfolio as one navigates these tough times.

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2. NYSE:FTS (Fortis Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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